

REMARKS

Claims 1-8, 21, 22, 55-62, 75, 76, 82-88, 92, and 101-106 are pending in the application.

Claims 1-8, 21, 22, 55-62, 75, 76, 82-88, 92, and 101-106 are currently amended and claims 9-20, 23-54, 63-74, 77-81, 89-91, 93-100, and 107 are cancelled. Applicants respectfully submit that no new matter is added to currently amended claims 1-8, 21, 22, 55-62, 75, 76, 82-88, 92, and 101-106.

Claims 1-9, 12, 19-27, 55-63, 66, 73-89, 92 and 99-107 stand rejected under 35 U.S.C. §112, second paragraph.

Claims 1-9, 12, 19-27, 55-63, 66, 73-89, 92, and 99-107 stand rejected under 35 U.S.C. §103(a) as being unpatentable by U.S. Patent No. 6,321,212 to Lange, hereinafter, Lange, in view of "Why Firms Use Currency Derivatives" to Geczy et al., The Journal of Finance, Vol. 52, No. 4, September 1997, pp. 1323-1354), hereinafter, Geczy, and further in view of "Online Databases: Information Available Electronically" to Hartman et al., CPA Journal, Vol. 67, No. 4, pp. 46-54, April 1997), hereinafter, Hartman.

Applicants respectfully traverse the rejections based on the following discussion.

I. The 35 U.S.C. §112, Second Paragraph, Rejection

Claims 1-9, 12, 19-27, 55-63, 66, 73-89, 92 and 99-107 stand rejected under 35 U.S.C. §112, second paragraph, because the Office Action asserts that the added limitations of the independent claims state, "when applied to online auction" and "wherein when applied to online reverse auctions" are not clear.

Applicants have currently amended the independent claims, above, to remove the cited limitations.

Applicants respectfully submit that the currently amended claims, above, particularly point out and distinctly claim the subject matter which Applicants regard as the invention, and thus, the currently amended claims satisfy the statutory requirements of 35 U.S.C. §112, second paragraph. The rejection of cancelled claims 9, 12, 19, 20, 23-27, 63, 73, 74, 77-81, 89, 99, 100,

and 107 is moot. Withdrawal of the rejection of claims 1-9, 12, 19-27, 55-63, 66, 73-89, 92, and 99-107 under 35 U.S.C. §112, second paragraph, is respectfully solicited.

II. The 35 U.S.C. 103(a) Rejection over Lange, Geczy, and Hartman

A. The Lange Disclosure

Lange discloses systems and methods of trading, and financial products, having a goal of reducing transaction costs for marketing participants who hedge against or otherwise make investments in contingent claims relating to events of economic significance. The claims are contingent in that their payout or return depends on the outcome of an observable event with more than one possible outcome. The events are of economic significance in that an investor or trader in a contingent claim typically is not economically indifferent to the outcome of the event, even if the investor or trader has not invested in or traded a contingent claim relating to the event. (col. 6, lines 48-59).

B. The Geczy Disclosure

Geczy discloses the use of currency derivatives in order to differentiate among existing theories of hedging behavior. Firms with greater growth opportunities and tighter financial constraints are more likely to use currency derivatives. This result suggests that firms might use derivatives to reduce cash flow variation that might otherwise preclude firms from investing in valuable growth opportunities. Firms with extensive foreign exchange-rate exposure and economies of scale in hedging activities are also more likely to use currency derivatives. Finally, the source of foreign exchange-rate exposure is an important factor in the choice among types of currency derivatives. (Abstract).

C. The Hartman Disclosure

Hartman discloses that information is the basic ingredient for sound decisions and empowers decision makers to move forward with confidence. Today, there are abundant databases in various electronic forms. The difficulty now is presented of various types, including detailed listings of those available from the U.S. government, business, and the Internet, and on

CD-ROM. (Abstract).

D. Arguments

Currently amended, independent claims 1 and 55 recite in relevant part,

"upon closure of said online auction in accordance with said rules, obtaining information on prices of various derivatives required for risk mitigation related to each valid bid received by said online market intermediary,

wherein said various derivatives comprise:

currency exchange rate derivatives; and

any of price derivatives and insurance derivatives; and

computing, by said market intermediary, a risk premium according to said various derivatives and risk classes to which said offering party and a counterparty belong for said each valid bid;

based on said computing of said risk premium and said other terms, determining, by said online market intermediary, an assignment of said item from a seller to a buyer, a price paid by said buyer, an amount received by said seller, and amounts paid for online services used by said seller and said buyer,

wherein said determining said assignment comprises:

computing a risk-adjusted payout to seller (RPS) for said each valid bid;

and

assigning said item of said each valid bid with a highest RPS to said buyer".

Currently amended independent claim 82 recites in relevant part,

"for each unmatched offer to sell, storing, by said online market intermediary, a value of a required risk-adjusted payout to seller (RPS) , which denotes a minimum amount per unit that said seller, owning a given sell position, will accept after subtracting a risk premium corresponding to said buyer;

for each unmatched bid to buy, storing, by said online market intermediary, a value of a risk-adjusted payment from buyer (RPB), which denotes a maximum amount per unit that said

buyer, owning a given buy position, will pay before subtracting a risk premium corresponding to said seller;

receiving, by said online market intermediary, one of a new position and an information request and obtaining information on prices of various derivatives required for risk mitigation related to said one of a new position and an information request received by said online market intermediary,

wherein said various derivatives comprise:

currency exchange rate derivatives; and

any of price derivatives and insurance derivatives; and

computing, by said market intermediary, a risk premium according to said various derivatives and risk classes to which a party and a counterparty belong for said one of a new position and an information request;

upon receiving said information request, said online market intermediary determining one of:

a minimum RPB for a buyer information request that is at least equal to an existing RPS corresponding to a given sell position for which said buyer information request was made; and

a maximum RPS for a seller information request that is no greater than an existing RPB corresponding to a given buy position for which said seller information request was made; and communicates; and

communicating said determination to the requester of said information request; and

upon receiving a new position, said online market intermediary determining one of:

a minimum RPB for a buyer information request that is at least equal to an existing RPS corresponding to a given sell position for which said buyer information request was made;

a maximum RPS for a seller information request that is no greater than an existing RPB corresponding to a given buy position for which said seller information request was made; and communicates;

matching said new position to an existing counter-position in accordance with rules of said two sided continuous matching market".

Lange merely discloses a method of trading that reduces transaction costs for those who hedge against contingent claims.

Lange does not disclose, teach or suggest: 1) an online market intermediary who in accordance with rules for an online auction obtains information on prices of various derivatives required for risk mitigation related to each bid and computes a risk premium according to the various derivatives, and based on the risk premium and other terms, determines an assignment of an item from a seller to a buyer, a price paid by the buyer, an amount received by the seller, and amounts paid for online services used by the seller and the buyer, in which the assignment comprises computing a risk-adjusted payout to seller (RPS) for each bid and assigning the item of the bid with a highest RPS to the buyer, as described in currently amended independent claims 1 and 55; and 2) an online market intermediary who in a two sided matching market who stores for each unmatched offer to sell, a value of a required risk-adjusted payout to seller (RPS) and for each unmatched bid to buy, a value of a risk-adjusted payment from buyer (RPB), and obtains information on prices of various derivatives required for risk mitigation related to a new position, in which the various derivatives include currency exchange rate derivatives, and any of price derivatives and insurance derivatives, and computes a risk premium according to the various derivatives, and matches the new position to an existing counter-position in accordance with rules of the two sided continuous matching market, as described in currently amended independent claim 82.

Geczy does not cure the deficiencies of Lange.

Instead, Geczy merely discloses, in economic terms, the use of currency derivatives in order to differentiate among existing theories of hedging behavior.

Similarly, Geczy does not disclose, teach or suggest: 1) an online market intermediary who in accordance with rules for an online auction obtains information on prices of various derivatives required for risk mitigation related to each bid and computes a risk premium according to the various derivatives, and based on the risk premium and other terms, determines

an assignment of an item from a seller to a buyer, a price paid by the buyer, an amount received by the seller, and amounts paid for online services used by the seller and the buyer, in which the assignment comprises computing a risk-adjusted payout to seller (RPS) for each bid and assigning the item of the bid with a highest RPS to the buyer, as described in currently amended independent claims 1 and 55; and 2) an online market intermediary who in a two sided matching market who stores for each unmatched offer to sell, a value of a required risk-adjusted payout to seller (RPS) and for each unmatched bid to buy, a value of a risk-adjusted payment from buyer (RPB), and obtains information on prices of various derivatives required for risk mitigation related to a new position, in which the various derivatives include currency exchange rate derivatives, and any of price derivatives and insurance derivatives, and computes a risk premium according to the various derivatives, and matches the new position to an existing counter-position in accordance with rules of the two sided continuous matching market, as described in currently amended independent claim 82.

Hartman also does not cure the deficiencies of Lange and Geczy.

Instead, Hartman merely discloses the existence of electronic databases.

Similarly, Hartman does not disclose, teach or suggest: 1) an online market intermediary who in accordance with rules for an online auction obtains information on prices of various derivatives required for risk mitigation related to each bid and computes a risk premium according to the various derivatives, and based on the risk premium and other terms, determines an assignment of an item from a seller to a buyer, a price paid by the buyer, an amount received by the seller, and amounts paid for online services used by the seller and the buyer, in which the assignment comprises computing a risk-adjusted payout to seller (RPS) for each bid and assigning the item of the bid with a highest RPS to the buyer, as described in currently amended independent claims 1 and 55; and 2) an online market intermediary who in a two sided matching market who stores for each unmatched offer to sell, a value of a required risk-adjusted payout to seller (RPS) and for each unmatched bid to buy, a value of a risk-adjusted payment from buyer (RPB), and obtains information on prices of various derivatives required for risk mitigation related to a new position, in which the various derivatives include currency exchange rate derivatives, and any of price derivatives and insurance derivatives, and computes a risk premium

according to the various derivatives, and matches the new position to an existing counter-position in accordance with rules of the two sided continuous matching market, as described in currently amended independent claim 82.

For at least the reasons outlined above, Applicants respectfully submit that Lange, Geczy, and Hartman, either individually or in combination, do not disclose, teach or suggest at least the present invention's features of: "upon closure of said online auction in accordance with said rules, obtaining information on prices of various derivatives required for risk mitigation related to each valid bid received by said online market intermediary, wherein said various derivatives comprise: currency exchange rate derivatives; and any of price derivatives and insurance derivatives; and computing, by said market intermediary, a risk premium according to said various derivatives and risk classes to which said offering party and a counterparty belong for said each valid bid; based on said computing of said risk premium and said other terms, determining, by said online market intermediary, an assignment of said item from a seller to a buyer, a price paid by said buyer, an amount received by said seller, and amounts paid for online services used by said seller and said buyer, wherein said determining said assignment comprises:

computing a risk-adjusted payout to seller (RPS) for said each valid bid; and assigning said item of said each valid bid with a highest RPS to said buyer", as recited in currently amended, independent claims 1 and 55; and "for each unmatched offer to sell, storing, by said online market intermediary, a value of a required risk-adjusted payout to seller (RPS) , which denotes a minimum amount per unit that said seller, owning a given sell position, will accept after subtracting a risk premium corresponding to said buyer; for each unmatched bid to buy, storing, by said online market intermediary, a value of a risk-adjusted payment from buyer (RPB), which denotes a maximum amount per unit that said buyer, owning a given buy position, will pay before subtracting a risk premium corresponding to said seller; receiving, by said online market intermediary, one of a new position and an information request and obtaining information on prices of various derivatives required for risk mitigation related to said one of a new position and an information request received by said online market intermediary, wherein said various derivatives comprise: currency exchange rate derivatives; and any of price derivatives and insurance derivatives; and computing, by said market intermediary, a risk premium according to

said various derivatives and risk classes to which a party and a counterparty belong for said one of a new position and an information request; upon receiving said information request, said online market intermediary determining one of: a minimum RPB for a buyer information request that is at least equal to an existing RPS corresponding to a given sell position for which said buyer information request was made; and a maximum RPS for a seller information request that is no greater than an existing RPB corresponding to a given buy position for which said seller information request was made; and communicates; and communicating said determination to the requester of said information request; and upon receiving a new position, said online market intermediary determining one of: a minimum RPB for a buyer information request that is at least equal to an existing RPS corresponding to a given sell position for which said buyer information request was made; a maximum RPS for a seller information request that is no greater than an existing RPB corresponding to a given buy position for which said seller information request was made; and communicates; matching said new position to an existing counter-position in accordance with rules of said two sided continuous matching market", as recited in currently amended, independent claim 82. Accordingly, Lange, Geczy, and Hartman, either individually or in combination, fail to render obvious the subject matter of currently amended, independent claims 1, 55, and 82, and dependent claims 2-8, 21, 22, 56-62, 75, 76, 83-88, 92, and 101-106 under 35 U.S.C. § 103(a). The rejection of cancelled claims 9, 12, 19, 20, 23-27, 63, 73, 74, 77-81, 89, 99, 100, and 107 is moot. Withdrawal of the rejection of claims 1-9, 12, 19-27, 55-63, 66, 73-89, 92, and 99-107 under 35 U.S.C. § 103(a) as unpatentable over Lange, Geczy, and Hartman is respectfully solicited.

III. Formal Matters and Conclusion

Claims 1-9, 12, 19-27, 55-63, 66, 73-89, 92 and 99-107 are pending in the application.

Applicants respectfully submit that the currently amended claims, above, particularly point out and distinctly claim the subject matter which Applicants regard as the invention. Withdrawal of the rejection of claims under 35 U.S.C. §112, second paragraph, is respectfully solicited.

With respect to the rejections of the claims over the cited prior art, Applicants respectfully argue that the present claims are distinguishable over the prior art of record. In view of the foregoing, the Examiner is respectfully requested to reconsider and withdraw the rejections to the claims.

In view of the foregoing, Applicants submit that claims 1-9, 12, 19-27, 55-63, 66, 73-89, 92 and 99-107, all the claims presently pending in the application, are patentably distinct from the prior art of records and are in condition for allowance. The Examiner is respectfully requested to pass the above application to issue at the earliest time possible.

Should the Examiner find the application to be other than in condition for allowance, the Examiner is requested to contact the undersigned at the local telephone number listed below to discuss any other changes deemed necessary.

Please charge any deficiencies and credit any overpayments to Attorney's Deposit Account Number 09-0441.

Respectfully submitted,

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